



Overview: Savings Incentive Program

Background

THE SAVINGS INCENTIVE PROGRAM was created in 1997 by legislative passage of Governor Locke's initiative to promote efficiency in agency spending and help to support public schools. Through guidelines set out in statute and in appropriations bill language, agencies are credited with one-half of all state General Fund-State (GF-S) savings not related to entitlement or other targeted spending authority. Remaining savings are directed to the Education Savings Account, 10 percent of which is transferred to Higher Education for distinguished professorships, the graduate fellowship trust fund, and the college faculty award trust fund. The balance may be appropriated for common school construction and education technology.

The legislation establishing the Savings Incentive Program requires that the Office of Financial Management (OFM) report each December 1 to the legislative fiscal committees on implementation of RCW 43.79.460.

Expenditures from the Savings Incentive Account in Fiscal Year 2001

Based on the amount of eligible GF-S reversions (unspent appropriations) in Fiscal Years 1997, 1998, 1999, and 2000 agencies have received a total of \$18.1 million in credits in the Savings Incentive Account. An additional \$4.1 million from Fiscal Year 2001 reversions will bring this total to \$22.1 million. The remaining GF-S reversions —\$169.7 million over 5 years—were transferred into the Education Savings Account.

Because the Savings Incentive Account is not appropriated, credits remain with the agency until they are spent. As of the end of Fiscal Year 2001, agencies had used \$9.2 million of the \$18.1 million in available funding.

The authorizing legislation limits Savings Incentive Account expenditures to one-time activities that improve the quality, efficiency, and effectiveness of customer services in agencies. Since the amount of this resource is unpredictable, it may not be used to create new or expanded services, or to incur ongoing obligations.

The detailed reports of expenditures for the 26 agencies that spent from the Savings Incentive Account in Fiscal Year 2001 are contained in Exhibit 4. Some examples of expenditures are as follows:

Employee Training

- Technology and customer service training has strengthened efficient and effective communication and operation for several agencies, including the Court of Appeals and the Military Department.
- Staff for the Office of the Family and Children's Ombudsman received training to improve their knowledge and expertise in child welfare issues.
- Quality Management and Leadership training was provided to prepare executives for changing leadership requirements for the Employment Security Department.
- Department of Social and Health Services' Division of Developmental Disabilities staff were trained to lead and facilitate quality improvement teams.

Technology and Work Process Improvements

- The Department of Health purchased automated equipment for the Newborn Screening Program that will perform and track over 300,000 tests each year, to provide more precise and faster testing in time to detect and prevent severe, possibly fatal diseases in babies born in Washington.
- The Department of Veterans Affairs purchased voice recognition software and supporting equipment, and provided training to eliminate the transcription step when documenting resident evaluation and treatment in individual medical records, enhancing the quality of resident care.
- Several agencies have enhanced their web page design, software, and maintenance to increase the public's ability to access information.
- Centralized statewide reporting and tracking systems were created for the Department of Social and Health Services to identify and prioritize specific areas such as Aging and Adult Services substantiated findings, medication errors, and client to client abuse for consultation or corrective action.
- Remote computer access upgrades for regional staff, hardware upgrades, servers and server upgrades have improved efficiency and reliability for many agencies.

Other

- The Office of the Secretary of State produced a state primary voter's pamphlet for the 2000 primary election that provided information on all candidates running for office.
- The Department of Labor and Industries implemented a marketing campaign that generated a 5 percent increase in apprenticeships.
- The Department of Ecology enhanced their ability to meet Commute Trip Reduction goals.
- The Community and Technical College System participated in a Distance Learning Survey program for student financial aid.

End of Year Expenditure Patterns

Agencies who received General Fund-State (GF-S) appropriations were asked what effect, if any, the potential for receiving Savings Incentive Account credits of unspent Fiscal Year 2001 GF-S appropriations had on end-of-year expenditures.

Responses to this question (Exhibit 5) indicate that most agencies considered the existence of the Savings Incentive Program to have minimal effect on their end of fiscal year spending patterns. Several agencies, however, stated that the opportunity to use these incentive funds was beneficial to the agency and the public.

End-of-fiscal year GF-S expenditures (by month) for the four years of the program's existence do not demonstrate any expenditure patterns that can be solely attributed to the Savings Incentive Program.